



January 30, 2009

## SENATE BILL No. 348

DIGEST OF SB 348 (Updated January 29, 2009 10:00 am - DI 87)

**Citations Affected:** IC 4-22; IC 6-3.5; IC 36-12.1.

**Synopsis:** Library services planning in counties outside of Marion County. Requires the Indiana library and historical board to adopt emergency rules not later than July 1, 2009, establishing statewide library standards for the delivery of library service to every resident of Indiana. Establishes a public library service planning committee (committee) in each county (excluding a county having a consolidated city) to prepare a library services plan for the county. Provides for the following library service models for a county: (1) A consolidated countywide system. (2) A consolidated system of two or more counties. (3) Two or more independently governed library systems within a county. Requires the state library to conduct regional training sessions to educate the committees on the planning process and library service models. Provides that if a county is served by a countywide public library system, the county's planning committee is not required to make a library service model determination. Specifies that if a planning committee determines that a library service model other than a consolidated countywide public library system should be used, the committee must include in the plan the committee's specific findings and explanation concerning why: (1) the chosen library service model is preferable; and (2) the chosen library service model will result in the delivery of better library services than would result under a consolidated countywide public library system. Specifies that a planning committee may not approve a library services plan unless the plan provides for library services to all areas of the county. Provides

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**Effective:** Upon passage.

**Gard, Deig**

January 8, 2009, read first time and referred to Committee on Local Government.  
January 29, 2009, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.

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that if a planning committee determines that there are areas in the county that are underserved by the public library systems, the planning committee must consider the option of having a public library enter into an interlocal agreement with one or more school corporations in the county to allow the public library to use the school buildings of the school corporation to better serve the underserved areas. Provides that a library services plan may change the number of appointments that may be made by an appointing person or entity to the library board of a library covered by the plan. Specifies that the plan may not change the total number of appointments that may be made to the library board or the persons or entities that make the appointments to the library board. Requires the state library and the office of management and budget to assist the counties in preparing and implementing the plan, obtaining grants and funding the plan. Requires the committee to conduct a public hearing and consider public testimony when the committee has prepared the plan. Requires the committee to submit the plan to the state library not later than July 1, 2010. Provides that if a committee fails or is unable to adopt a plan, the state library shall prepare and adopt a plan to be implemented in the county. Requires the state library to review a plan to ensure that the plan meets the statewide standards and approve it before the plan may be implemented. Requires libraries in each county to reorganize according to the plan adopted for the county. Provides that a plan approved by the state library and any reorganization or consolidation under the plan takes effect January 1, 2012. Provides that if a plan provides that two or more public library systems shall be consolidated into one remaining public library system, no library operated by any of the public library systems that are consolidated may be closed during the three years following the effective date of the plan. Beginning January 1, 2013, requires the state library to annually report to the general assembly and the governor on the implemented plans and the plan budgets. Provides that (in addition to Hancock County, under current law) a county for which a library services plan has been approved and is in effect and that does not contain more than two public library districts may adopt an ordinance designating county economic development income tax (CEDIT) revenue for replacement of public library property taxes in the county. Allows a county to adopt an ordinance only if all territory in the county is included in a library district. Provides that the maximum amount that may be used for library property tax replacement purposes is the amount of revenue generated by a CEDIT rate of 0.15%. Provides that a public library may receive the public library property tax replacement credits under this provision only if the library has entered into reciprocal borrowing agreements with all other public libraries in the county.

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January 30, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## SENATE BILL No. 348

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.90-2008,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking  
4 action resulting in any of the following rules:

5 (1) An order adopted by the commissioner of the Indiana  
6 department of transportation under IC 9-20-1-3(d) or  
7 IC 9-21-4-7(a) and designated by the commissioner as an  
8 emergency rule.

9 (2) An action taken by the director of the department of natural  
10 resources under IC 14-22-2-6(d) or IC 14-22-6-13.

11 (3) An emergency temporary standard adopted by the  
12 occupational safety standards commission under  
13 IC 22-8-1.1-16.1.

14 (4) An emergency rule adopted by the solid waste management  
15 board under IC 13-22-2-3 and classifying a waste as hazardous.

16 (5) A rule, other than a rule described in subdivision (6), adopted  
17 by the department of financial institutions under IC 24-4.5-6-107

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and declared necessary to meet an emergency.

(6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.

(7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.

(8) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.

(9) A rule adopted under IC 16-19-3-5 or IC 16-41-2-1 that the executive board of the state department of health declares is necessary to meet an emergency.

(10) An emergency rule adopted by the Indiana finance authority under IC 8-21-12.

(11) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(12) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(13) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by or other date provided by federal law, provided:

(A) the variance procedures are included in the rules; and

(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(14) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(15) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(16) An emergency rule adopted by the Indiana gaming commission under IC 4-32.2-3-3(b), IC 4-33-4-2, IC 4-33-4-3, IC 4-33-4-14, or IC 4-35-4-2.

(17) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(18) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(19) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

(20) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

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(21) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.

(22) An emergency rule adopted by the Indiana state board of animal health under IC 15-17-10-9.

(23) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(24) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34 (repealed).

(25) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33 (repealed).

(26) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(27) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) (repealed) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) (repealed) or IC 6-1.1-22.5-20.

(28) An emergency rule adopted by the board of the Indiana economic development corporation under IC 5-28-5-8.

(29) A rule adopted by the department of financial institutions under IC 34-55-10-2.5.

(30) A rule adopted by the Indiana finance authority:

(A) under IC 8-15.5-7 approving user fees (as defined in IC 8-15.5-2-10) provided for in a public-private agreement under IC 8-15.5;

(B) under IC 8-15-2-17.2(a)(10):

(i) establishing enforcement procedures; and

(ii) making assessments for failure to pay required tolls;

(C) under IC 8-15-2-14(a)(3) authorizing the use of and establishing procedures for the implementation of the collection of user fees by electronic or other nonmanual means; or

(D) to make other changes to existing rules related to a toll road project to accommodate the provisions of a public-private agreement under IC 8-15.5.

(31) An emergency rule adopted by the board of the Indiana health informatics corporation under IC 5-31-5-8.

**(32) An emergency rule adopted by the Indiana library and historical board under IC 36-12.1-3.**

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the

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1 agency, the agency shall submit the rule to the publisher for the  
 2 assignment of a document control number. The agency shall submit the  
 3 rule in the form required by section 20 of this chapter and with the  
 4 documents required by section 21 of this chapter. The publisher shall  
 5 determine the format of the rule and other documents to be submitted  
 6 under this subsection.

7 (d) After the document control number has been assigned, the  
 8 agency shall submit the rule to the publisher for filing. The agency  
 9 shall submit the rule in the form required by section 20 of this chapter  
 10 and with the documents required by section 21 of this chapter. The  
 11 publisher shall determine the format of the rule and other documents  
 12 to be submitted under this subsection.

13 (e) Subject to section 39 of this chapter, the publisher shall:

- 14 (1) accept the rule for filing; and
- 15 (2) electronically record the date and time that the rule is  
 16 accepted.

17 (f) A rule described in subsection (a) takes effect on the latest of the  
 18 following dates:

- 19 (1) The effective date of the statute delegating authority to the  
 20 agency to adopt the rule.
- 21 (2) The date and time that the rule is accepted for filing under  
 22 subsection (e).
- 23 (3) The effective date stated by the adopting agency in the rule.
- 24 (4) The date of compliance with every requirement established by  
 25 law as a prerequisite to the adoption or effectiveness of the rule.

26 (g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6,  
 27 IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in  
 28 subsections (j), (k), and (l), a rule adopted under this section expires  
 29 not later than ninety (90) days after the rule is accepted for filing under  
 30 subsection (e). Except for a rule adopted under subsection (a)(13),  
 31 (a)(24), (a)(25), or (a)(27), the rule may be extended by adopting  
 32 another rule under this section, but only for one (1) extension period.  
 33 The extension period for a rule adopted under subsection (a)(28) may  
 34 not exceed the period for which the original rule was in effect. A rule  
 35 adopted under subsection (a)(13) may be extended for two (2)  
 36 extension periods. Subject to subsection (j), a rule adopted under  
 37 subsection (a)(24), (a)(25), or (a)(27) may be extended for an unlimited  
 38 number of extension periods. Except for a rule adopted under  
 39 subsection (a)(13), for a rule adopted under this section to be effective  
 40 after one (1) extension period, the rule must be adopted under:

- 41 (1) sections 24 through 36 of this chapter; or
- 42 (2) IC 13-14-9;

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as applicable.

(h) A rule described in subsection (a)(8), (a)(12), or (a)(29) expires on the earlier of the following dates:

(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule.

(m) A rule described in subsection (a)(5) or (a)(6) expires on the date the department is next required to issue a rule under the statute authorizing or requiring the rule.

SECTION 2. IC 6-3.5-7-5, AS AMENDED BY P.L.146-2008, SECTION 344, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on March 31 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on March 31 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r) and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);

**(2) fifteen-hundredths percent (0.15%);**

~~(2)~~ **(3) two-tenths percent (0.2%);**

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- ~~(3)~~ (4) twenty-five hundredths percent (0.25%);  
~~(4)~~ (5) three-tenths percent (0.3%);  
~~(5)~~ (6) thirty-five hundredths percent (0.35%);  
~~(6)~~ (7) four-tenths percent (0.4%);  
~~(7)~~ (8) forty-five hundredths percent (0.45%); or  
~~(8)~~ (9) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), (s), (v), (w), (x), or (y), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), (u), (w), (x), or (y), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after March 31 but before August 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect October 1 of this year."

(e) Any ordinance adopted under this chapter takes effect October 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

- (A) fifteen-hundredths percent (0.15%);  
 (B) two-tenths percent (0.2%); or  
 (C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

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if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

- (1) a county having a population of more than one hundred

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eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or  
 (2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not

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1 exceed the amount necessary to mitigate the increased ad valorem  
 2 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 before  
 3 January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or  
 4 residential property (as defined in section 26 of this chapter), as  
 5 appropriate under the ordinance adopted by the adopting body in the  
 6 county, resulting from the deduction of the assessed value of inventory  
 7 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the  
 8 exclusion in 2008 of inventory from the definition of personal property  
 9 in IC 6-1.1-1-11.

10 (q) If the county economic development income tax is imposed as  
 11 authorized under subsection (p) at a rate that exceeds the maximum  
 12 rate that would otherwise apply under this section, the certified  
 13 distribution must be used for the purpose provided in section 25(e) or  
 14 26 of this chapter to the extent that the certified distribution results  
 15 from the difference between:

- 16 (1) the actual county economic development tax rate; and
- 17 (2) the maximum rate that would otherwise apply under this
- 18 section.

19 (r) This subsection applies only to a county described in section 27  
 20 of this chapter. Except as provided in subsection (p), in addition to the  
 21 rates permitted by subsection (b), the:

- 22 (1) county economic development income tax may be imposed at
- 23 a rate of twenty-five hundredths percent (0.25%); and
- 24 (2) county economic development income tax rate plus the county
- 25 option income tax rate that are in effect on January 1 of a year
- 26 may equal up to one and twenty-five hundredths percent (1.25%);
- 27 if the county council makes a determination to impose rates under this
- 28 subsection and section 27 of this chapter.

29 (s) Except as provided in subsection (p), the county economic  
 30 development income tax rate plus the county adjusted gross income tax  
 31 rate that are in effect on January 1 of a year may not exceed one and  
 32 five-tenths percent (1.5%) if the county has imposed the county  
 33 adjusted gross income tax under IC 6-3.5-1.1-3.3.

34 (t) This subsection applies to Howard County. Except as provided  
 35 in subsection (p), the sum of the county economic development income  
 36 tax rate and the county option income tax rate that are in effect on  
 37 January 1 of a year may not exceed one and twenty-five hundredths  
 38 percent (1.25%).

39 (u) This subsection applies to Scott County. Except as provided in  
 40 subsection (p), the sum of the county economic development income  
 41 tax rate and the county option income tax rate that are in effect on  
 42 January 1 of a year may not exceed one and twenty-five hundredths

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1 percent (1.25%).

2 (v) This subsection applies to Jasper County. Except as provided in  
3 subsection (p), the sum of the county economic development income  
4 tax rate and the county adjusted gross income tax rate that are in effect  
5 on January 1 of a year may not exceed one and five-tenths percent  
6 (1.5%).

7 (w) An additional county economic development income tax rate  
8 imposed under section 28 of this chapter may not be considered in  
9 calculating any limit under this section on the sum of:

10 (1) the county economic development income tax rate plus the  
11 county adjusted gross income tax rate; or

12 (2) the county economic development tax rate plus the county  
13 option income tax rate.

14 (x) The income tax rate limits imposed by subsection (c) or (y) or  
15 any other provision of this chapter do not apply to:

16 (1) a county adjusted gross income tax rate imposed under  
17 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

18 (2) a county option income tax rate imposed under IC 6-3.5-6-30,  
19 IC 6-3.5-6-31, or IC 6-3.5-6-32.

20 For purposes of computing the maximum combined income tax rate  
21 under subsection (c) or (y) or any other provision of this chapter that  
22 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this  
23 chapter, a county's county adjusted gross income tax rate or county  
24 option income tax rate for a particular year does not include the county  
25 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,  
26 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate  
27 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

28 (y) This subsection applies to Monroe County. Except as provided  
29 in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the  
30 sum of the county economic development income tax rate and the  
31 county option income tax rate that are in effect on January 1 of a year  
32 may not exceed one and twenty-five hundredths percent (1.25%).

33 SECTION 3. IC 6-3.5-7-23, AS AMENDED BY P.L.146-2008,  
34 SECTION 349, IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) This section applies ~~only~~  
36 to the following:

37 (1) A county having a population of more than fifty-five thousand  
38 (55,000) but less than sixty-five thousand (65,000).

39 (2) Any other county:

40 (A) for which a library services plan has been approved  
41 under IC 36-12.1 and is in effect; and

42 (B) that does not contain more than two (2) public library

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1 districts.

2 (b) As used in this section, "appropriate body" means the entity  
3 that imposes the county economic development income tax under  
4 section 5(a) of this chapter.

5 ~~(b)~~ (c) The ~~county council~~ appropriate body may by ordinance  
6 determine that, in order to promote the development of libraries in the  
7 county and thereby encourage economic development, it is necessary  
8 to use economic development income tax revenue to replace library  
9 property taxes in the county. However, ~~a county council~~ the  
10 appropriate body may adopt an ordinance under this subsection only  
11 if all territory in the county is included in a library district.

12 ~~(c)~~ (d) If the ~~county council~~ appropriate body makes a  
13 determination under subsection ~~(b)~~; (c), the ~~county council~~  
14 appropriate body may adopt an ordinance to designate the county  
15 economic development income tax revenue generated by the tax rate  
16 adopted under section 5 of this chapter, or revenue generated by a  
17 portion of the tax rate, as revenue that will be used to replace public  
18 library property taxes imposed by public libraries in the county. The  
19 ~~county council~~ appropriate body may not designate for library  
20 property tax replacement purposes any county economic development  
21 income tax revenue that is generated by a tax rate of more than  
22 fifteen-hundredths percent (0.15%).

23 (e) This subsection applies to an ordinance adopted after  
24 December 31, 2008. The appropriate body may not adopt an  
25 ordinance under this section designating county economic  
26 development income tax revenue to replace public library property  
27 taxes if the designation would cause the county or a city or town in  
28 the county to receive a certified distribution less than the amount  
29 of economic development income tax pledged by the county, city,  
30 or town for any purpose permitted by IC 5-1-14 or any other  
31 statute.

32 (f) Subject to the provisions of this section, the appropriate body  
33 may adopt either of the following:

34 (1) An ordinance to increase or decrease the amount of county  
35 economic development income tax revenue that will be used  
36 to replace public library property taxes imposed in the  
37 county.

38 (2) An ordinance to rescind the use of county economic  
39 development income tax revenue to replace public library  
40 property taxes imposed in the county.

41 The appropriate body may not adopt an ordinance under this  
42 subsection to decrease the amount of or rescind the county

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1 economic development income tax revenue used to replace public  
 2 library property taxes imposed in the county if that county  
 3 economic development income tax revenue has been pledged by a  
 4 public library for any purpose permitted by IC 5-1-14 or any other  
 5 statute.

6 ~~(d)~~ (g) If the appropriate body adopts an ordinance under this  
 7 section, the county treasurer shall establish a library property tax  
 8 replacement fund to be used only for the purposes described in this  
 9 section. County economic development income tax revenues derived  
 10 from the portion of the tax rate designated for property tax replacement  
 11 credits under subsection ~~(c)~~ (d) shall be deposited in the library  
 12 property tax replacement fund before certified distributions are made  
 13 under section 12 of this chapter. Any interest earned on money in the  
 14 library property tax replacement fund shall be credited to the library  
 15 property tax replacement fund.

16 ~~(e)~~ (h) The amount of county economic development income tax  
 17 revenue dedicated to providing library property tax replacement credits  
 18 shall, in the manner prescribed in this section, be allocated to public  
 19 libraries operating in the county and shall be used by those public  
 20 libraries as property tax replacement credits. The amount of property  
 21 tax replacement credits that each public library in the county is entitled  
 22 to receive during a calendar year under this section equals the lesser of:

23 (1) the product of:

24 (A) the amount of revenue deposited by the county auditor in  
 25 the library property tax replacement fund; multiplied by

26 (B) a fraction described as follows:

27 (i) The numerator of the fraction equals the sum of the total  
 28 property taxes that would have been collected by the public  
 29 library during the previous calendar year from taxpayers  
 30 located within the library district if the property tax  
 31 replacement under this section had not been in effect.

32 (ii) The denominator of the fraction equals the sum of the  
 33 total property taxes that would have been collected during  
 34 the previous year from taxpayers located within the county  
 35 by all public libraries that are eligible to receive property tax  
 36 replacement credits under this section if the property tax  
 37 replacement under this section had not been in effect; or

38 (2) the total property taxes that would otherwise be collected by  
 39 the public library for the calendar year if the property tax  
 40 replacement credit under this section were not in effect.

41 The department of local government finance shall make any  
 42 adjustments necessary to account for the expansion of a library district.

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1 However, a public library is eligible to receive property tax  
 2 replacement credits under this section only if it has entered into  
 3 reciprocal borrowing agreements with all other public libraries in the  
 4 county. If the total amount of county economic development income  
 5 tax revenue deposited by the county auditor in the library property tax  
 6 replacement fund for a calendar year exceeds the total property tax  
 7 liability that would otherwise be imposed for public libraries in the  
 8 county for the year, the excess shall remain in the library property tax  
 9 replacement fund and shall be used for library property tax replacement  
 10 purposes in the following calendar year.

11 ~~(f)~~ (i) Notwithstanding subsection ~~(e)~~; (h), if a public library did not  
 12 impose a property tax levy during the previous calendar year, that  
 13 public library is entitled to receive a part of the property tax  
 14 replacement credits to be distributed for the calendar year. The amount  
 15 of property tax replacement credits the public library is entitled to  
 16 receive during the calendar year equals the product of:

- 17 (1) the amount of revenue deposited in the library property tax  
 18 replacement fund; multiplied by
- 19 (2) a fraction. The numerator of the fraction equals the budget of  
 20 the public library for that calendar year. The denominator of the  
 21 fraction equals the aggregate budgets of public libraries in the  
 22 county for that calendar year.

23 If for a calendar year a public library is allocated a part of the property  
 24 tax replacement credits under this subsection, then the amount of  
 25 property tax credits distributed to other public libraries in the county  
 26 for the calendar year shall be reduced by the amount to be distributed  
 27 as property tax replacement credits under this subsection. The  
 28 department of local government finance shall make any adjustments  
 29 required by this subsection and provide the adjustments to the county  
 30 auditor.

31 ~~(g)~~ (j) The department of local government finance shall inform the  
 32 county auditor of the amount of property tax replacement credits that  
 33 each public library in the county is entitled to receive under this  
 34 section. The county auditor shall certify to each public library the  
 35 amount of property tax replacement credits that the public library is  
 36 entitled to receive during that calendar year. The county auditor shall  
 37 also certify these amounts to the county treasurer.

38 ~~(h)~~ (k) A public library receiving property tax replacement credits  
 39 under this section shall allocate the credits among each fund for which  
 40 a distinct property tax levy is imposed. The amount that must be  
 41 allocated to each fund equals:

- 42 (1) the amount of property tax replacement credits provided to the

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public library under this section; multiplied by  
 (2) the amount determined in STEP THREE of the following  
 formula:

STEP ONE: Determine the property taxes that would have  
 been collected for each fund by the public library during the  
 previous calendar year if the property tax replacement under  
 this section had not been in effect.

STEP TWO: Determine the sum of the total property taxes that  
 would have been collected for all funds by the public library  
 during the previous calendar year if the property tax  
 replacement under this section had not been in effect.

STEP THREE: Divide the STEP ONE amount by the STEP  
 TWO amount.

However, if a public library did not impose a property tax levy during  
 the previous calendar year or did not impose a property tax levy for a  
 particular fund during the previous calendar year, but the public library  
 is imposing a property tax levy in the current calendar year or is  
 imposing a property tax levy for the particular fund in the current  
 calendar year, the department of local government finance shall adjust  
 the amount of property tax replacement credits allocated among the  
 various funds of the public library and shall provide the adjustment to  
 the county auditor. If a public library receiving property tax  
 replacement credits under this section does not impose a property tax  
 levy for a particular fund that is first due and payable in a calendar year  
 in which the property tax replacement credits are being distributed, the  
 public library is not required to allocate to that fund a part of the  
 property tax replacement credits to be distributed to the public library.  
 Notwithstanding IC 6-1.1-20-1.1(1), a public library that receives  
 property tax replacement credits under this section is subject to the  
 procedures for the issuance of bonds set forth in IC 6-1.1-20.

~~(i)~~ **(l)** For each public library that receives property tax credits under  
 this section, the department of local government finance shall certify  
 to the county auditor the property tax rate applicable to each fund after  
 the property tax replacement credits are allocated.

~~(j)~~ **(m)** A public library shall treat property tax replacement credits  
 received during a particular calendar year under this section as a part  
 of the public library's property tax levy for each fund for that same  
 calendar year for purposes of fixing the public library's budget and for  
 purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

~~(k)~~ **(n)** For the purpose of computing and distributing certified  
 distributions under IC 6-3.5-1.1 and tax revenue under IC 6-5.5 or  
 IC 6-6-5, the property tax replacement credits that are received under

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1 this section shall be treated as though they were property taxes that  
2 were due and payable during that same calendar year.

3 SECTION 4. IC 36-12.1 IS ADDED TO THE INDIANA CODE AS  
4 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON  
5 PASSAGE]:

6 **ARTICLE 12.1 LIBRARY REORGANIZATION**

7 **Chapter 1. General Provisions**

8 **Sec. 1.** This article contains full and complete authority for the  
9 reorganization of library districts under a plan adopted in  
10 accordance with this article.

11 **Sec. 2.** Except as otherwise specifically provided by law, to the  
12 extent the provisions of this article are inconsistent with the  
13 provisions of any other general, special, or local law, the provisions  
14 of this article are controlling, and compliance with this article shall  
15 be treated as compliance with the conflicting law.

16 **Chapter 2. Definitions**

17 **Sec. 1.** The definitions in IC 36-12-1 and this chapter apply  
18 throughout this article.

19 **Sec. 2.** "Board" means the Indiana library and historical board  
20 established under IC 4-23-7-2.

21 **Sec. 3.** "Committee" means a public library service planning  
22 committee established under IC 36-12.1-4-1.

23 **Sec. 4.** "Plan" means a library services plan prepared by a  
24 committee under IC 36-12.1-4.

25 **Sec. 5.** "State library" refers to the Indiana state library  
26 established by IC 4-23-7-3.

27 **Sec. 6.** "Statewide standards" means the statewide library  
28 standards adopted by the state library under IC 36-12.1-3.

29 **Chapter 3. Statewide Library Standards**

30 **Sec. 1.** Not later than July 1, 2009, the Indiana library and  
31 historical board shall adopt emergency rules under IC 4-22-2-37.1  
32 establishing statewide standards for the delivery of consistent,  
33 quality library service to every resident of Indiana.

34 **Sec. 2.** The standards must include the following:

- 35 (1) General administrative standards for library boards and
- 36 staff.
- 37 (2) Automation and technology standards.
- 38 (3) Standards regarding delivery of library materials and
- 39 interlibrary loans.
- 40 (4) Reciprocal borrowing standards.
- 41 (5) Standards regarding the provision of reference services.
- 42 (6) Any other standards necessary to provide library service

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in the most efficient manner.

Sec. 3. The board may update the standards under section 2 of this chapter as necessary.

#### Chapter 4. Public Library Service Planning Committees

Sec. 1. This chapter does not apply to a county having a consolidated city.

Sec. 2. (a) Except as provided in section 1 of this chapter, there is established a public library service planning committee in each county.

(b) The committee members are as follows:

(1) The library board of each library district in the county shall appoint two (2) members. One (1) appointee of a library board under this subdivision may be the director of the library serving the library district.

(2) In addition to the members appointed under subdivision (1), the board of trustees of the most populous library district in the county shall select one (1) member.

(3) The governing body of each school corporation in the county shall appoint one (1) member.

(4) Each legislative body of the two (2) municipalities with the largest population in the county shall appoint one (1) member.

(5) One (1) county commissioner or the county commissioner's designee.

(6) The president of the county council or the president's designee.

(7) The township trustee of each township in the county not served by a library.

(8) At least two (2) but not more than three (3) members selected by the county council.

(c) This subsection applies to a committee for which members are appointed under subsection (b). If the number of members appointed to the committee by one (1) or more library boards is more than fifty percent (50%) of the total number of members of the committee, the county council shall appoint one (1) or more additional members to the committee. The number of additional members to be appointed by the county council under this subsection may not exceed the lowest number of additional members necessary to ensure that the number of members appointed to the committee by one (1) or more library boards is not more than fifty percent (50%) of the total number of members of the committee.

Sec. 3. (a) The first meeting of the committee shall be convened

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not later than July 1, 2009, by the president of the county council or the president's designee.

(b) The committee shall select a chairperson from among its members at the committee's first meeting.

Sec. 4. A majority of the committee constitutes a quorum. An affirmative vote of a majority of the members appointed to the committee is required for the committee to take action.

Sec. 5. (a) The members of a committee serve at the pleasure of the appointing authority.

(b) Members of the committee hold office for terms of four (4) years, subject to replacement as prescribed in this chapter. An appointed member who ceases to be a resident of the county or ceases or no longer holds the office the member held when appointed to the commission may not continue to serve on a committee.

Sec. 6. The members of a committee serve without compensation.

Sec. 7. (a) A committee may do the following:

(1) Adopt procedures governing the internal management of the committee.

(2) Conduct public hearings on the plan as the committee determines necessary or appropriate.

(3) Review the financial documents of any public library within the county.

(b) A committee is subject to IC 5-14-1.5 (open door law) and IC 5-14-3 (public records law).

Sec. 8. The committee shall prepare a plan that is designed to provide library services to all residents of the county that meet or exceed the statewide library standards.

Sec. 9. (a) The state library shall conduct training sessions for committee members in at least four (4) separate regional locations. The state library shall determine the locations of the training sessions. At least one (1) training session must be held in:

(1) the northeastern part of Indiana;

(2) the northwestern part of Indiana;

(3) the southeastern part of Indiana; and

(4) the southwestern part of Indiana.

The four (4) regional training sessions may not be held in Indianapolis. However, the state library may, after the conclusion of the four (4) training sessions, provide additional training sessions at locations determined by the state library.

(b) The training sessions must educate the committee on library

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1 service models and all other aspects of the planning and  
 2 implementation process that the state library considers necessary.

3 **Sec. 10. (a) In formulating a plan, the committee shall determine**  
 4 **the following:**

5 (1) A general description of the public library districts and  
 6 service areas of the county.

7 (2) Which of the following library service models shall be used  
 8 to provide library services for all residents of the county:

9 (A) A consolidated countywide public library system.

10 (B) A consolidated public library system of two (2) or more  
 11 counties.

12 (C) Two (2) or more independently governed library  
 13 systems within the county.

14 However, if a county is served by a countywide public library  
 15 system, the county's committee is not required to make a  
 16 library service model determination under this subdivision.

17 (3) If existing public libraries are consolidated, the:

18 (1) assets;

19 (2) liabilities; and

20 (3) obligations;

21 of the existing public libraries shall be transferred to and  
 22 assumed by the new library district of which they are a part,  
 23 regardless of whether the plan provides for transfer and  
 24 assumption.

25 (b) The plan must be supported by a summary statement of:

26 (1) how the plan will satisfy the statewide standards;

27 (2) data showing the:

28 (A) assessed valuation of each proposed library district;

29 (B) population within the proposed library district;

30 (C) assessed valuation per person within the proposed  
 31 district; and

32 (D) property tax levies;

33 of each proposed district to which the plan applies; and

34 (3) any other data or information the committee considers  
 35 appropriate or that may be required by the state library.

36 (c) The committee shall base the assessed valuations and tax  
 37 levies referred to in subsection (b) on the assessed valuations  
 38 applying to taxes collected in the previous year.

39 (d) The committee may obtain the data and information  
 40 referred to in this subsection from any source the committee  
 41 considers reliable. If the committee attempts in good faith to  
 42 comply with this chapter, the summary statement referred to in

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subsection (b)(1) is sufficient regardless of whether the statement is accurate.

(e) If the boundary of a proposed library district does not follow the boundary of an existing civil unit of government, the description must set out the boundary:

(1) as near as reasonably possible by:

(A) streets;

(B) rivers; and

(C) other similar boundaries;

that are known by common names; or

(2) if descriptions specified in subdivision (1) are not possible, by section lines or other legal description.

The description is not defective if there is a good faith effort by the committee to comply with this subsection or if the boundary may be ascertained with reasonable certainty by a person skilled in the area of real estate description. The committee may require the services of the county surveyor in preparing a description of a boundary line.

(f) If a committee determines that a library service model other than a consolidated countywide public library system should be used, the committee must include in the plan the committee's specific findings and explanation concerning:

(1) why the chosen library service model is preferable to a consolidated countywide public library system; and

(2) why the chosen library service model will result in the delivery of better library services than would result under a consolidated countywide public library system.

(g) The committee may not approve a plan unless the plan provides for library services to all areas of the county.

(h) If a committee determines that there are areas in the county that are underserved by public library systems, the planning committee shall consider the option of having a public library enter into an interlocal agreement with one (1) or more school corporations in the county to allow the public library to use the school buildings of the school corporation to better serve the underserved areas.

(i) Notwithstanding any other law, a plan may change the number of appointments that may be made by an appointing person or entity to the library board of a library covered by the plan. However, the plan may not change:

(1) the total number of appointments that may be made to the library board; or

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(2) the persons or entities that make the appointments to the library board.

If the plan increases the number of appointments to the library board that may be made by a particular person or entity, the plan must provide for a corresponding decrease in the number of appointments to the library board that may be made by another person or entity. Notwithstanding any other law, a change in the number of appointments to the library board that may be made by an appointing person or entity takes effect as specified in the plan.

(j) If a plan provides that two (2) or more public library systems shall be consolidated into one (1) remaining public library system, no library operated by any of the public library systems that are consolidated may be closed during the three (3) years following the effective date of the plan.

Sec. 11. (a) The state library shall adopt written guidelines to establish deadlines for the committee planning process, including establishing a deadline for committees to identify the library service model that the committee proposes to implement.

(b) The state library may advise and assist a committee in preparing and implementing the committee's plan.

Sec. 12. (a) The state library and the office of management and budget shall assist a committee in researching, developing, and receiving grants and funding from:

- (1) the federal government;
- (2) private foundations; or
- (3) any other source of funding;

to implement the plan.

(b) The state library shall provide technical and advisory services to committees on funding and management needed to implement the plan.

Sec. 13. (a) When a committee has prepared its plan, the committee shall fix dates and places for one (1) or more public hearings on the plan and give notice of the hearings to the residents of the county. The committee may hold more than one (1) hearing. The chairperson of the committee shall give the notice:

- (1) by publication at least one (1) time in one (1) newspaper of general circulation published in the county; and
- (2) in a newspaper having a general circulation in the two (2) municipalities with the largest population in the county;

at least ten (10) days but not more than thirty (30) days before the date of the hearing.

(b) At the hearing:

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(1) the committee shall:

(A) explain the proposed plan;

(B) summarize the committee's proposed library service model; and

(C) if the proposed plan includes consolidation of library systems, state the adjustment proposed for:

(i) property;

(ii) assets;

(iii) debts; and

(iv) other liabilities; and

(2) any resident of the county may be heard with reference to:

(A) the proposed plan; or

(B) an alternative plan.

**Sec. 14. (a) The committee shall consider any suggestions made in the public hearing and shall make any revisions or modifications in the committee's written plan as it considers necessary. The committee shall adopt its plan and submit it to the state library not later than July 1, 2010.**

**(b) This section expires December 31, 2010.**

**Sec. 15. (a) The state library:**

(1) shall review the plan to ensure that the plan aligns with the statewide standards;

(2) may make written recommendations of modifications to the plan to ensure alignment; and

(3) shall return the plan and any recommendations to the committee.

**(b) A committee may modify the plan to comply with recommendations made by the state library under subsection (a). The committee shall act on a modified plan of reorganization under sections 13 and 14 of this chapter in the same manner as the committee may take action on the initially submitted plan.**

**Sec. 16. If a plan proposes a library service model involving the consolidation of public library systems in two (2) or more counties, the committees of each county must approve the proposed plan and any modifications to the plan.**

**Sec. 17. (a) A plan does not become effective until the plan is approved by the state library.**

**(b) After the state library approves a plan, the state library shall promptly, by certified mail with return receipt requested, give written notice of the approval to:**

(1) the chairperson of each committee submitting the plan;

(2) the county executive of each county subject to the plan;

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- (3) the county recorder of each county;
- (4) the county fiscal body of each county; and
- (5) the department of local government finance.

Sec. 18. (a) A plan approved by the state library and any reorganization or consolidation under the plan takes effect January 1, 2012.

(b) Any transfer of:

- (1) powers;
- (2) duties;
- (3) property rights;
- (4) other assets;
- (5) liabilities; and
- (6) contracts both as to rights and obligations;

in implementing the plan takes place on January 1, 2012.

Sec. 19. The department of local government finance shall adjust maximum permissible ad valorem tax levies, tax rates, and budgets of political subdivisions as necessary to account for implementation of a plan.

Sec. 20. (a) If a committee fails to submit a plan to the state library before July 1, 2010, or the committee notifies the state library that the committee is unable to complete its plan, the state library shall prepare a plan to be implemented in the county. The state library shall follow the hearing and notice requirements under sections 13 and 14 of this chapter. The state library shall hold all hearings in the county that is the subject of the plan.

(b) The state library shall provide the notice that the state library has approved the plan in accordance with section 17 of this chapter. A plan prepared and approved by the state library takes effect as set forth in section 18 of this chapter.

Sec. 21. The state library shall prepare an annual report on all plans implemented in the state and the plan budgets. The state library shall submit the report to the general assembly in an electronic format under IC 5-14-6 and to the governor not later than January 1. The first report shall be submitted by the state library not later than January 1, 2013.

Sec. 22. The state library shall determine when a committee shall be dissolved after implementation of the county's plan. However, the state library may not dissolve a committee before January 1, 2013.

SECTION 5. An emergency is declared for this act.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred Senate Bill No. 348, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 5, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 2. IC 6-3.5-7-5, AS AMENDED BY P.L.146-2008, SECTION 344, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on March 31 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on March 31 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r) and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) fifteen-hundredths percent (0.15%);**
- ~~(2)~~ **(3)** two-tenths percent (0.2%);
- ~~(3)~~ **(4)** twenty-five hundredths percent (0.25%);
- ~~(4)~~ **(5)** three-tenths percent (0.3%);
- ~~(5)~~ **(6)** thirty-five hundredths percent (0.35%);
- ~~(6)~~ **(7)** four-tenths percent (0.4%);
- ~~(7)~~ **(8)** forty-five hundredths percent (0.45%); or
- ~~(8)~~ **(9)** five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), (s), (v), (w), (x), or (y), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p),

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(r), (t), (u), (w), (x), or (y), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after March 31 but before August 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect October 1 of this year."

(e) Any ordinance adopted under this chapter takes effect October 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except

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as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

- (1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or
  - (2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);
- except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January

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1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1 before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified

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distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) This subsection applies to Howard County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Scott County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(v) This subsection applies to Jasper County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(w) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

- (1) the county economic development income tax rate plus the county adjusted gross income tax rate; or
- (2) the county economic development tax rate plus the county

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option income tax rate.

(x) The income tax rate limits imposed by subsection (c) or (y) or any other provision of this chapter do not apply to:

- (1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- (2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (y) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(y) This subsection applies to Monroe County. Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

SECTION 3. IC 6-3.5-7-23, AS AMENDED BY P.L.146-2008, SECTION 349, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) This section applies ~~only~~ to the following:

- (1) A county having a population of more than fifty-five thousand (55,000) but less than sixty-five thousand (65,000).

(2) Any other county:

- (A) for which a library services plan has been approved under IC 36-12.1 and is in effect; and
- (B) that does not contain more than two (2) public library districts.

(b) As used in this section, "appropriate body" means the entity that imposes the county economic development income tax under section 5(a) of this chapter.

~~(b)~~ (c) The ~~county council~~ **appropriate body** may by ordinance determine that, in order to promote the development of libraries in the county and thereby encourage economic development, it is necessary to use economic development income tax revenue to replace library property taxes in the county. However, ~~a county council~~ **the appropriate body** may adopt an ordinance under this subsection only if all territory in the county is included in a library district.

~~(c)~~ (d) If the ~~county council~~ **appropriate body** makes a

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determination under subsection ~~(b)~~; **(c)**, the ~~county council~~ **appropriate body** may **adopt an ordinance to** designate the county economic development income tax revenue generated by the tax rate adopted under section 5 of this chapter, or revenue generated by a portion of the tax rate, as revenue that will be used to replace public library property taxes imposed by public libraries in the county. The ~~county council~~ **appropriate body** may not designate for library property tax replacement purposes any county economic development income tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

**(e) This subsection applies to an ordinance adopted after December 31, 2008. The appropriate body may not adopt an ordinance under this section designating county economic development income tax revenue to replace public library property taxes if the designation would cause the county or a city or town in the county to receive a certified distribution less than the amount of economic development income tax pledged by the county, city, or town for any purpose permitted by IC 5-1-14 or any other statute.**

**(f) Subject to the provisions of this section, the appropriate body may adopt either of the following:**

- (1) An ordinance to increase or decrease the amount of county economic development income tax revenue that will be used to replace public library property taxes imposed in the county.**
- (2) An ordinance to rescind the use of county economic development income tax revenue to replace public library property taxes imposed in the county.**

**The appropriate body may not adopt an ordinance under this subsection to decrease the amount of or rescind the county economic development income tax revenue used to replace public library property taxes imposed in the county if that county economic development income tax revenue has been pledged by a public library for any purpose permitted by IC 5-1-14 or any other statute.**

~~(d)~~ **(g) If the appropriate body adopts an ordinance under this section,** the county treasurer shall establish a library property tax replacement fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the portion of the tax rate designated for property tax replacement credits under subsection ~~(c)~~ **(d)** shall be deposited in the library property tax replacement fund before certified distributions are made

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under section 12 of this chapter. Any interest earned on money in the library property tax replacement fund shall be credited to the library property tax replacement fund.

~~(e)~~ **(h)** The amount of county economic development income tax revenue dedicated to providing library property tax replacement credits shall, in the manner prescribed in this section, be allocated to public libraries operating in the county and shall be used by those public libraries as property tax replacement credits. The amount of property tax replacement credits that each public library in the county is entitled to receive during a calendar year under this section equals the lesser of:

(1) the product of:

(A) the amount of revenue deposited by the county auditor in the library property tax replacement fund; multiplied by

(B) a fraction described as follows:

(i) The numerator of the fraction equals the sum of the total property taxes that would have been collected by the public library during the previous calendar year from taxpayers located within the library district if the property tax replacement under this section had not been in effect.

(ii) The denominator of the fraction equals the sum of the total property taxes that would have been collected during the previous year from taxpayers located within the county by all public libraries that are eligible to receive property tax replacement credits under this section if the property tax replacement under this section had not been in effect; or

(2) the total property taxes that would otherwise be collected by the public library for the calendar year if the property tax replacement credit under this section were not in effect.

The department of local government finance shall make any adjustments necessary to account for the expansion of a library district. However, a public library is eligible to receive property tax replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of county economic development income tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess shall remain in the library property tax replacement fund and shall be used for library property tax replacement purposes in the following calendar year.

~~(f)~~ **(i)** Notwithstanding subsection ~~(e)~~; **(h)**, if a public library did not impose a property tax levy during the previous calendar year, that

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public library is entitled to receive a part of the property tax replacement credits to be distributed for the calendar year. The amount of property tax replacement credits the public library is entitled to receive during the calendar year equals the product of:

- (1) the amount of revenue deposited in the library property tax replacement fund; multiplied by
- (2) a fraction. The numerator of the fraction equals the budget of the public library for that calendar year. The denominator of the fraction equals the aggregate budgets of public libraries in the county for that calendar year.

If for a calendar year a public library is allocated a part of the property tax replacement credits under this subsection, then the amount of property tax credits distributed to other public libraries in the county for the calendar year shall be reduced by the amount to be distributed as property tax replacement credits under this subsection. The department of local government finance shall make any adjustments required by this subsection and provide the adjustments to the county auditor.

~~(g)~~ (j) The department of local government finance shall inform the county auditor of the amount of property tax replacement credits that each public library in the county is entitled to receive under this section. The county auditor shall certify to each public library the amount of property tax replacement credits that the public library is entitled to receive during that calendar year. The county auditor shall also certify these amounts to the county treasurer.

~~(h)~~ (k) A public library receiving property tax replacement credits under this section shall allocate the credits among each fund for which a distinct property tax levy is imposed. The amount that must be allocated to each fund equals:

- (1) the amount of property tax replacement credits provided to the public library under this section; multiplied by
- (2) the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the property taxes that would have been collected for each fund by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP TWO: Determine the sum of the total property taxes that would have been collected for all funds by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP THREE: Divide the STEP ONE amount by the STEP

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TWO amount.

However, if a public library did not impose a property tax levy during the previous calendar year or did not impose a property tax levy for a particular fund during the previous calendar year, but the public library is imposing a property tax levy in the current calendar year or is imposing a property tax levy for the particular fund in the current calendar year, the department of local government finance shall adjust the amount of property tax replacement credits allocated among the various funds of the public library and shall provide the adjustment to the county auditor. If a public library receiving property tax replacement credits under this section does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which the property tax replacement credits are being distributed, the public library is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the public library. Notwithstanding IC 6-1.1-20-1.1(1), a public library that receives property tax replacement credits under this section is subject to the procedures for the issuance of bonds set forth in IC 6-1.1-20.

(j) **(l)** For each public library that receives property tax credits under this section, the department of local government finance shall certify to the county auditor the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(j) **(m)** A public library shall treat property tax replacement credits received during a particular calendar year under this section as a part of the public library's property tax levy for each fund for that same calendar year for purposes of fixing the public library's budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(k) **(n)** For the purpose of computing and distributing certified distributions under IC 6-3.5-1.1 and tax revenue under IC 6-5.5 or IC 6-6-5, the property tax replacement credits that are received under this section shall be treated as though they were property taxes that were due and payable during that same calendar year."

Page 6, delete lines 8 through 42, begin a new paragraph and insert:

**"Sec. 2. The standards must include the following:**

- (1) General administrative standards for library boards and staff.**
- (2) Automation and technology standards.**
- (3) Standards regarding delivery of library materials and interlibrary loans.**
- (4) Reciprocal borrowing standards.**
- (5) Standards regarding the provision of reference services.**
- (6) Any other standards necessary to provide library service**



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**in the most efficient manner."**

Delete page 7.

Page 8, delete lines 1 through 14.

Page 8, between lines 17 and 18, begin a new paragraph and insert:

**"Sec. 1. This chapter does not apply to a county having a consolidated city."**

Page 8, line 18, delete " Sec. 1. (a) There" and insert **"Sec. 2. (a) Except as provided in section 1 of this chapter, there"**.

Page 8, line 20, delete "Except as provided in subsection (c), the" and insert **"The"**.

Page 8, line 22, delete "Each" and insert **"The library board of each"**.

Page 8, line 23, after "members." insert **"One (1) appointee of a library board under this subdivision may be the director of the library serving the library district."**

Page 8, delete lines 24 through 27, begin a new line block indented and insert:

**"(2) In addition to the members appointed under subdivision (1), the board of trustees of the most populous library district in the county shall select one (1) member."**

Page 8, line 28, delete "Each" and insert **"The governing body of each"**.

Page 8, line 28, delete "district" and insert **"corporation"**.

Page 8, line 30, delete "executive" and insert **"legislative body"**.

Page 8, delete lines 40 through 42.

Page 9, delete lines 1 through 16, begin a new paragraph and insert:

**"(c) This subsection applies to a committee for which members are appointed under subsection (b). If the number of members appointed to the committee by one (1) or more library boards is more than fifty percent (50%) of the total number of members of the committee, the county council shall appoint one (1) or more additional members to the committee. The number of additional members to be appointed by the county council under this subsection may not exceed the lowest number of additional members necessary to ensure that the number of members appointed to the committee by one (1) or more library boards is not more than fifty percent (50%) of the total number of members of the committee."**

Page 9, line 17, delete "2." and insert **"3."**

Page 9, line 22, delete "3." and insert **"4."**

Page 9, line 25, delete "4." and insert **"5."**

Page 9, line 33, delete "Sec. 5. All proper expenses of a committee

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shall be paid from the" and insert "Sec. 6."

Page 9, delete line 34.

Page 9, line 35, delete "furnished by the county."

Page 9, run in lines 33 through 35.

Page 9, line 36, after "compensation" insert ".".

Page 9, line 36, delete "but are entitled to reimbursement for the".

Page 9, delete line 37.

Page 9, line 38, delete "6." and insert "7."

Page 10, line 1, delete "books and records" and insert **"financial documents"**.

Page 10, line 5, delete "7." and insert "8."

Page 10, line 8, delete "8." and insert "9."

Page 10, line 23, delete "9." and insert **"10."**

Page 10, line 29, delete "," and insert ".".

Page 10, delete line 30.

Page 10, line 32, after "counties" insert ".".

Page 10, line 32, delete "funded by countywide tax in each county that".

Page 10, delete line 33.

Page 10, line 35, after "county" insert ".".

Page 10, line 35, delete "funded by a countywide tax in".

Page 10, delete lines 36 through 42, begin a new line block indented and insert:

**"However, if a county is served by a countywide public library system, the county's committee is not required to make a library service model determination under this subdivision."**

Page 11, delete lines 1 through 3.

Page 12, between lines 5 and 6, begin a new paragraph and insert:

**"(f) If a committee determines that a library service model other than a consolidated countywide public library system should be used, the committee must include in the plan the committee's specific findings and explanation concerning:**

**(1) why the chosen library service model is preferable to a consolidated countywide public library system; and**

**(2) why the chosen library service model will result in the delivery of better library services than would result under a consolidated countywide public library system.**

**(g) The committee may not approve a plan unless the plan provides for library services to all areas of the county.**

**(h) If a committee determines that there are areas in the county that are underserved by public library systems, the planning committee shall consider the option of having a public library enter**

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into an interlocal agreement with one (1) or more school corporations in the county to allow the public library to use the school buildings of the school corporation to better serve the underserved areas.

(i) Notwithstanding any other law, a plan may change the number of appointments that may be made by an appointing person or entity to the library board of a library covered by the plan. However, the plan may not change:

- (1) the total number of appointments that may be made to the library board; or
- (2) the persons or entities that make the appointments to the library board.

If the plan increases the number of appointments to the library board that may be made by a particular person or entity, the plan must provide for a corresponding decrease in the number of appointments to the library board that may be made by another person or entity. Notwithstanding any other law, a change in the number of appointments to the library board that may be made by an appointing person or entity takes effect as specified in the plan.

(j) If a plan provides that two (2) or more public library systems shall be consolidated into one (1) remaining public library system, no library operated by any of the public library systems that are consolidated may be closed during the three (3) years following the effective date of the plan."

Page 12, line 6, delete "10." and insert "11."

Page 12, line 12, delete "11." and insert "12."

Page 12, line 12, after "library" insert "and the office of management and budget".

Page 12, line 21, delete "12." and insert "13."

Page 13, line 4, delete "13." and insert "14."

Page 13, line 10, delete "14." and insert "15."

Page 13, line 20, delete "12 and 13" and insert "13 and 14".

Page 13, line 22, delete "15." and insert "16."

Page 13, line 23, delete ", alliance, or federation".

Page 13, line 26, delete "16." and insert "17."

Page 13, line 36, delete "17." and insert "18."

Page 13, line 37, after "reorganization" delete "," and insert "or".

Page 13, line 37, delete ", alliance, or federation".

Page 13, line 38, delete "2011." and insert "2012."

Page 14, line 4, delete "2011." and insert "2012."

Page 14, line 5, delete "18." and insert "19."

Page 14, line 9, delete "19." and insert "20."

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Page 14, line 14, delete "12 and 13" and insert "**13 and 14**".

Page 14, line 17, delete "16" and insert "**17**".

Page 14, line 19, delete "17" and insert "**18**".

Page 14, line 20, delete "20." and insert "**21.**".

Page 14, line 25, delete "2012." and insert "**2013.**".

Page 14, line 26, delete "21." and insert "**22.**".

Page 14, line 27, after "plan." insert "**However, the state library may not dissolve a committee before January 1, 2013.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 348 as introduced.)

LAWSON C, Chairperson

Committee Vote: Yeas 7, Nays 1.

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